

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1119

Introduced by Heidemann, 1; Fischer, 43; Flood, 19; Louden, 49;
McDonald, 41; Schrock, 38; Smith, 48

Read first time January 17, 2006

Committee: Education

A BILL

1 FOR AN ACT relating to reorganization of school districts; to amend
2 section 79-1001, Revised Statutes Cumulative Supplement,
3 2004, sections 79-402, 79-423, 79-4,112, 79-4,113,
4 79-4,114, 79-4,115, 79-4,116, 79-1003, 79-1016, 79-1022,
5 79-1026, 79-1027, 79-1028, 79-1031.01, 79-1072.03,
6 79-1072.04, 79-1083.02, and 79-1083.03, Revised Statutes
7 Supplement, 2005, Laws 2005, LB 126, sections 54, 55,
8 and 56; to change dates relating to school district
9 reorganization requirements as prescribed; to harmonize
10 provisions; to delay implementation of certain provisions
11 of Laws 2005, LB 126; to repeal the original sections;
12 and to declare an emergency.
13 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-402, Revised Statutes Supplement,
2 2005, is amended to read:

3 79-402 By August 1, ~~2006~~ 2007, all taxable property
4 and all elementary and high school students shall be in school
5 districts which offer education in grades kindergarten through
6 twelve.

7 Sec. 2. Section 79-423, Revised Statutes Supplement,
8 2005, is amended to read:

9 79-423 In Class I, II, III, IV, and VI school districts,
10 school district boundaries may comprise all or any part of a
11 precinct or ward in any county or counties, and every legal voter
12 of the school district shall be entitled to vote at any school
13 district meeting or school district election. For elections to be
14 held during ~~2006~~ 2007, the legal voters of a Class II, III, IV, or
15 VI school district shall include residents of territory that will
16 be attached to such school district on June 15, ~~2006~~ 2007, pursuant
17 to section 79-4,113 or 79-4,114.

18 Sec. 3. Section 79-4,112, Revised Statutes Supplement,
19 2005, is amended to read:

20 79-4,112 (1) On or before September 10, ~~2005~~ 2006, the
21 secretary of the school board of each Class I school district
22 shall certify to each Class II, III, IV, and VI school district
23 with which territory within the boundaries of the Class I school
24 district is affiliated or of which territory within such boundaries
25 is a part:

1 (a) A statement of the highest grade offered by the Class
2 I school district; and

3 (b) A list of the former students of the Class I school
4 district who in school year ~~2001-02~~, 2002-03, ~~or~~ 2003-04, 2004-05
5 completed the highest grade offered by the Class I school district.

6 (2) On or before October 1, ~~2005~~ 2006, the superintendent
7 of each Class II, III, IV, or VI school district receiving such
8 list of students shall certify to the Class I school district a
9 modified list specifying:

10 (a) The students, if any, who appear on the list provided
11 by the Class I school district pursuant to subsection (1) of this
12 section and who were enrolled in such Class II, III, IV, or VI
13 school district for any part of school year ~~2002-03~~, 2003-04, ~~or~~
14 2004-05, or 2005-06; and

15 (b) Additional students, if any, who were residents of
16 the Class I school district but who completed the highest grade
17 offered by the Class I school district as an enrollment option
18 student in the Class II, III, IV, or VI school district in school
19 year ~~2001-02~~, 2002-03, ~~or~~ 2003-04, or 2004-05.

20 (3) The secretary of the school board of each Class I
21 school district shall determine a membership percentage for each
22 Class II, III, IV, or VI school district with which territory
23 within the boundaries of the Class I school district is affiliated
24 or of which territory within such boundaries is a part by dividing
25 the number of students specified by the Class II, III, IV, or VI

1 school district pursuant to subsection (2) of this section by the
2 total number of students specified by all Class II, III, IV, or VI
3 school districts with which territory within the boundaries of the
4 Class I school district is affiliated or of which territory within
5 such boundaries is a part. If a Class II, III, IV, or VI school
6 district fails to provide the modified list required pursuant to
7 subsection (2) of this section to a Class I school district on
8 or before October 1, ~~2005~~ 2006, such Class II, III, IV, or VI
9 school district shall be deemed to have had no such students to
10 specify pursuant to subsection (2) of this section and shall have a
11 membership percentage of zero percent.

12 (4) On or before November 1, ~~2005~~ 2006, the secretary
13 of the school board of each Class I school district shall certify
14 to the State Committee for the Reorganization of School Districts
15 and to each Class II, III, IV, or VI school district with which
16 territory within the boundaries of the Class I school district is
17 affiliated or of which territory within such boundaries is a part a
18 list of all membership percentages calculated by the Class I school
19 district pursuant to subsection (3) of this section.

20 (5) The grades offered at an elementary attendance center
21 shall include any grade for which a student could enroll and
22 receive education at the elementary attendance center for the
23 specified school year.

24 (6) Data certified under subsections (1) and (2) of this
25 section prior to the effective date of this act as this section

1 existed prior to such date is presumed to be accurate with respect
2 to school years 2003-04 and 2004-05 for purposes of determining
3 membership percentages under subsection (3) of this section.

4 Sec. 4. Section 79-4,113, Revised Statutes Supplement,
5 2005, is amended to read:

6 79-4,113 (1) Notwithstanding the provisions of any
7 affiliation petition or plan entered into by Class I school
8 districts prior to September 4, ~~2005~~2006, on or before December
9 1, ~~2005~~2006, the State Committee for the Reorganization of School
10 Districts shall enter an order dissolving any Class I school
11 district that does not comply with the requirements of subsection
12 (4) of section 79-4,112 and attaching the territory of such
13 district to the Class II, III, IV, or VI school district with
14 which the territory is affiliated or of which the territory is a
15 part. The assets and liabilities of such district, except bonded
16 indebtedness as provided in subsection (2) of this section, shall
17 be distributed among the Class II, III, IV, or VI school districts
18 to which the territory has been attached in proportion to the
19 taxable valuation of the territory attached to such Class II, III,
20 IV, or VI school district.

21 (2) The territory obligated for the bonded indebtedness
22 of any Class I, II, III, IV, or VI school district shall not change
23 as a result of an order issued pursuant to this section.

24 (3) The State Committee for the Reorganization of School
25 Districts is not required to conduct public hearings prior to

1 issuing orders pursuant to this section.

2 (4) The effective date for all orders pursuant to this
3 section shall be January 1, ~~2006~~ 2007, for determining residence
4 for election purposes and June 15, ~~2006~~ 2007, for all other
5 purposes.

6 (5) The elementary attendance center for any Class I
7 school district dissolved pursuant to this section shall not be
8 subject to sections 79-4,115 and 79-4,116.

9 (6) For purposes of this section, to attach territory of
10 a Class I district dissolved pursuant to this section to a Class VI
11 district with which the territory is a part means to include the
12 territory in the new Class II or Class III school district formed
13 from the Class VI school district pursuant to subsection (5) of
14 section 79-4,114.

15 (7) All orders entered by the State Committee for the
16 Reorganization of School Districts prior to the effective date of
17 this act pursuant to the requirements of this section as it existed
18 prior to such date are null and void.

19 Sec. 5. Section 79-4,114, Revised Statutes Supplement,
20 2005, is amended to read:

21 79-4,114 (1) Notwithstanding the provisions of any
22 affiliation petition or plan entered into by Class I school
23 districts prior to September 4, ~~2005~~ 2006, the State Committee
24 for the Reorganization of School Districts shall issue orders, on
25 or before December 1, ~~2005~~ 2006, which dissolve and attach the

1 territory of each Class I school district, except as provided in
2 section 79-4,113, to one or more Class II, III, IV, or VI school
3 districts pursuant to one of the methods contained in subsection
4 (3) of this section. To attach territory of a Class I district
5 dissolved pursuant to this section to a Class VI district of which
6 the territory is a part means to include the territory in the Class
7 II or Class III school district formed from the Class VI school
8 district pursuant to subsection (5) of this section.

9 (2) On or before October 1, 2005_2006, each Class I
10 school board may hold a public hearing regarding the dissolution
11 of the Class I school district and its attachment to one or more
12 Class II, III, IV, or VI school districts. On or before November
13 1, 2005_2006, each Class I school board that held a hearing
14 pursuant to this subsection may file with the State Committee for
15 the Reorganization of School Districts a statement of commitment
16 to attach all of the territory of the Class I district to one or
17 more Class II, III, IV, or VI school districts. Valid statements of
18 commitment shall:

19 (a) Specify the Class II, III, IV, and VI school
20 districts to which the territory of the Class I school district
21 will be attached and the territory to be attached to each specified
22 school district; and

23 (b) Be approved by a majority of the members of the
24 school boards of: (i) The Class I school district; (ii) all Class
25 II, III, or IV school districts with which territory of the Class I

1 school district is affiliated; (iii) all Class VI school districts
2 of which territory of the Class I school district is a part; and
3 (iv) all Class II, III, IV, or VI school districts which will
4 receive territory from the Class I school district.

5 On or before September 10, ~~2005~~ 2006, the State
6 Department of Education may prescribe the form and required
7 contents for statements of commitment consistent with the
8 requirements of this subsection.

9 (3) Orders issued pursuant to subsection (1) of this
10 section shall dissolve each Class I school district and attach its
11 territory as follows:

12 (a) If a valid statement of commitment was filed on or
13 before November 1, ~~2005~~ 2006, the territory of the Class I school
14 district shall be attached to one or more Class II, III, IV, or VI
15 school districts according to the statement of commitment;

16 (b) If a valid statement of commitment was not filed
17 on or before November 1, ~~2005~~ 2006, and the primary high school
18 district for the Class I school district as designated for school
19 year 2005-06 pursuant to section 79-1083.02 has a membership
20 percentage of at least fifty percent as certified pursuant to
21 subsection (4) of section 79-4,112 or there is not a high
22 school district with a membership percentage above zero percent
23 as certified pursuant to subsection (4) of section 79-4,112, the
24 territory of the Class I school district shall be attached to the
25 Class II, III, IV, or VI school district with which the territory

1 is affiliated or of which it is a part; or

2 (c) If a valid statement of commitment was not filed
3 on or before November 1, ~~2005~~ 2006, and the primary high school
4 district for the Class I school district does not have a membership
5 percentage of at least fifty percent as certified pursuant to
6 subsection (4) of section 79-4,112:

7 (i) The territory of the Class I school district that
8 is affiliated with or a part of a Class II, III, IV, or VI
9 school district that has a membership percentage of at least twenty
10 percent shall be attached to such Class II, III, IV, or VI school
11 district; and

12 (ii) The territory of the Class I school district that
13 is affiliated with or a part of a Class II, III, IV, or VI school
14 district that has a membership percentage that is not at least
15 twenty percent shall be attached to the Class II, III, IV, or VI
16 school district which has the largest membership percentage for the
17 Class I school district.

18 (4) Orders issued pursuant to subsection (1) of this
19 section shall transfer all assets and liabilities of each Class
20 I school district, except bonded indebtedness as provided in
21 subsection (6) of this section, as follows:

22 (a) If the territory of the Class I school district is
23 attached pursuant to subdivision (3)(a) of this section, the assets
24 and liabilities of the Class I school district shall be transferred
25 to the Class II, III, IV, or VI school district which will receive

1 the largest percentage of the taxable valuation of the territory of
2 the Class I school district;

3 (b) If the territory of the Class I school district is
4 attached pursuant to subdivision (3)(b) of this section, the assets
5 and liabilities of the Class I school district shall be transferred
6 to the primary high school district as designated for school fiscal
7 year 2005-06 pursuant to section 79-1083.02; and

8 (c) If the territory of the Class I school district
9 is attached pursuant to subdivision (3)(c) of this section, the
10 assets and liabilities of the Class I school district shall be
11 transferred to the Class II, III, IV, or VI school district with
12 the largest membership percentage certified pursuant to subsection
13 (4) of section 79-4,112.

14 (5) On or before December 1, ~~2005~~ 2006, the State
15 Committee for the Reorganization of School Districts shall issue
16 orders classifying each Class VI school district into a new Class
17 II or Class III school district as defined in section 79-102. The
18 territory of Class I school districts ordered to be attached to a
19 Class VI school district pursuant to this section shall be attached
20 to the new Class II or Class III school district created from such
21 Class VI school district pursuant to this subsection. The existing
22 school board members of each Class VI school district as of June
23 15, ~~2006~~ 2007, shall continue as the school board members for the
24 new Class II or Class III school district created from such Class
25 VI school district until their terms expire and their successors

1 are elected and qualified.

2 (6) The territory obligated for the bonded indebtedness
3 of any Class I, II, III, IV, or VI school district shall not change
4 as a result of an order issued pursuant to this section.

5 (7) The effective date for all orders pursuant to this
6 section shall be January 1, ~~2006~~ 2007, for determining residence
7 for election purposes and June 15, ~~2006~~ 2007, for all other
8 purposes.

9 (8) The State Committee for the Reorganization of School
10 Districts shall not be required to conduct public hearings prior to
11 issuing orders pursuant to this section.

12 (9) All orders entered by the State Committee for the
13 Reorganization of School Districts prior to the effective date of
14 this act pursuant to the requirements of this section as it existed
15 prior to such date are null and void.

16 Sec. 6. Section 79-4,115, Revised Statutes Supplement,
17 2005, is amended to read:

18 79-4,115 Any elementary attendance center may be
19 designated as a community school through the formation of an
20 operating council. On or before June 14, ~~2006~~ 2007, the school
21 board of each Class I school may form an operating council
22 for the district's elementary attendance center. If the school
23 board of a Class II, III, IV, or V school district receives a
24 request for an elementary attendance center to be designated as a
25 community school, the school board shall hold an operating council

1 organizational meeting at such elementary attendance center within
2 sixty days after receiving the request, except that the school
3 board shall not be required to hold organizational meetings at any
4 one elementary attendance center more than once during a calendar
5 year.

6 School boards of Class II, III, IV, and V school
7 districts shall establish procedures for the formation of operating
8 councils. Once formed, operating councils shall determine the
9 timing and procedures for selecting successor members. Each
10 operating council shall be composed of not less than three and not
11 more than six members.

12 Operating councils shall be advisory to the
13 superintendent, the school board, and the principal of the
14 community school on all matters affecting the community school.
15 Operating councils shall propose and submit a budget for the
16 community school to the school board and one or more members of
17 the operating council shall interview and recommend staff for
18 the community school. The superintendent of any school district
19 containing at least one community school shall provide the
20 operating councils with copies of public information provided
21 by the school district staff to the school board regarding the
22 budget and staffing decisions for the community school and proposed
23 policy changes affecting the community school. The principal of a
24 community school shall provide an opportunity for the operating
25 council to meet with the principal not less than once each month.

1 Any operating council formed prior to the effective date
2 of this act may continue in existence after such date and may
3 carry out the powers and duties of such council as provided in this
4 section.

5 Sec. 7. Section 79-4,116, Revised Statutes Supplement,
6 2005, is amended to read:

7 79-4,116 Except as provided in section 79-4,113:

8 (1) The school board of any Class II, III, IV, or V
9 school district shall not take action to close an elementary
10 attendance center or to change the elementary grades offered at an
11 elementary attendance center if:

12 (a) The closing of the elementary attendance center or
13 the changing of the elementary grades offered at such elementary
14 attendance center would cause at least one resident elementary
15 student to reside more than twenty miles from the nearest
16 elementary attendance center in the district on a route that
17 would be actually and necessarily traveled from the student's
18 residence to such elementary attendance center; and

19 (b) A parent or guardian of such student or child has
20 notified the school board in writing of the distance from the
21 residence to the nearest elementary attendance center as described
22 in subdivision (1)(a) of this section and such written notification
23 was received on or before May 1 of the school year preceding the
24 first school year in which the elementary attendance center would
25 be closed or the grades offered would be changed;

1 (2) The school board of any Class II, III, IV, or V
2 school district shall not take action to close an elementary
3 attendance center or to change the elementary grades offered at an
4 elementary attendance center if:

5 (a) The fall membership of the elementary attendance
6 center for the school year immediately preceding the first school
7 year in which the elementary attendance center would be closed
8 or the grades offered would be changed included at least ten
9 students who were either resident students, students residing
10 within the boundaries of a former Class I district that contained
11 the elementary attendance center as such boundaries existed for
12 school year ~~2005-06~~ 2006-07, or students who were in the fall
13 membership of the elementary attendance center for school year
14 ~~2005-06~~ 2006-07 if the elementary attendance center was in a Class
15 I school district at such time; and

16 (b) Either:

17 (i) The elementary attendance center is at least ten
18 miles on a route that would be actually and necessarily traveled
19 from the closest elementary attendance center within the district;

20 (ii) The elementary attendance center is at least ten
21 miles on a route that would be actually and necessarily traveled
22 from the closest elementary attendance center within the district
23 for which the fall membership for the immediately preceding school
24 year included a total number of resident elementary students that
25 was at least ten times the number of elementary grades offered at

1 such elementary attendance center; or

2 (iii) The elementary attendance center is the only
3 elementary attendance center located within the boundaries of
4 an incorporated city or village;

5 (3) The school board of any Class II, III, IV, or V
6 school district shall not take action to close an elementary
7 attendance center or to change the elementary grades offered at
8 an elementary attendance center without the approval of at least
9 seventy-five percent of the school board of the Class II, III, IV,
10 or V school district if:

11 (a) The fall membership of the elementary attendance
12 center for the school year immediately preceding the first school
13 year in which the elementary attendance center would be closed or
14 the grades offered would be changed included at least ten students
15 who were either resident students, students residing within the
16 boundaries of a former Class I school district that contained the
17 elementary attendance center as such boundaries existed for school
18 year ~~2005-06~~ 2006-07, or students who were in the fall membership
19 of the elementary attendance center for school year ~~2005-06~~ 2006-07
20 if the elementary attendance center was in a Class I school
21 district at such time; and

22 (b) Either:

23 (i) The elementary attendance center is at least four
24 miles but less than ten miles, on a route that would be actually
25 and necessarily traveled, from the closest elementary attendance

1 center within the district; or

2 (ii) The elementary attendance center is at least four
3 miles but less than ten miles, on a route that would be actually
4 and necessarily traveled, from the closest elementary attendance
5 center within the district for which the fall membership for
6 the immediately preceding school year included a total number of
7 resident elementary students that was at least ten times the number
8 of elementary grades offered at such elementary attendance center;

9 (4) Until the completion of the school year in which
10 a kindergarten student from school year ~~2005-06~~ 2006-07 would
11 complete the highest grade offered at the elementary attendance
12 center if such student would progress through the grades at the
13 normal rate, the school board of any Class II, III, IV, or V school
14 district shall not take action to close an elementary attendance
15 center or to change the elementary grades offered at an elementary
16 attendance center if:

17 (a) The fall membership of the elementary attendance
18 center for the school year immediately preceding the first school
19 year in which the elementary attendance center would be closed or
20 the grades offered would be changed included at least five students
21 who were either resident students, students residing within the
22 boundaries of a former Class I school district that contained the
23 elementary attendance center as such boundaries existed for school
24 year ~~2005-06~~ 2006-07, or students who were in the fall membership
25 of the elementary attendance center for school year ~~2005-06~~ 2006-07

1 if the elementary attendance center was in a Class I school
2 district at such time; and

3 (b) At least one resident student, student residing
4 within the boundaries of a former Class I school district that
5 contained the elementary attendance center as such boundaries
6 existed for school year ~~2005-06~~ 2006-07, or student who was in
7 the fall membership of the elementary attendance center for school
8 year ~~2005-06~~ 2006-07 if the elementary attendance center was in
9 a Class I school district at such time has registered to attend
10 such elementary attendance center as of August 1 immediately
11 preceding the beginning of the school year for which the elementary
12 attendance center would be closed or the grades offered would be
13 changed;

14 (5) Except when an elementary attendance center fails to
15 meet the provisions of subdivision (4)(b) of this section, the
16 school board of any Class II, III, IV, or V school district shall
17 not take action to close an elementary attendance center or to
18 change the elementary grades offered at an elementary attendance
19 center unless public notice has been given that the school board is
20 considering such action on or before January 1 of the school year
21 preceding the first school year for which the elementary attendance
22 center would be closed or the grades offered would be changed;

23 (6) The temporary relocation of some or all of the
24 students to an alternate elementary attendance center for a period
25 not to exceed two years shall not constitute the closing of an

1 elementary attendance center or a change in the grades offered
2 at such elementary attendance center. An alternate elementary
3 attendance center pursuant to this subdivision shall not be subject
4 to subdivision (1), (2), (3), or (4) of this section. The grades
5 offered at the alternate elementary attendance center shall include
6 any grade for which a student could enroll and receive education at
7 the elementary attendance center for the specified school year; and

8 (7) For purposes of this section:

9 (a) Elementary attendance center means a building in
10 which education was offered by a school district in one or more of
11 the grades kindergarten through grade four;

12 (b) Resident elementary student means a student who will
13 be attending school in an elementary grade in the school year in
14 which the elementary attendance center would otherwise be closed
15 or the grades offered would otherwise be changed and who resides
16 within the boundaries of the school district which contains the
17 elementary attendance center; and

18 (c) Resident student means a student who resides within
19 the boundaries of the school district which contains the elementary
20 attendance center.

21 Sec. 8. Section 79-1001, Revised Statutes Cumulative
22 Supplement, 2004, is amended to read:

23 79-1001 Sections 79-1001 to 79-1033 and section 12 of
24 this act shall be known and may be cited as the Tax Equity and
25 Educational Opportunities Support Act.

1 Sec. 9. Section 79-1003, Revised Statutes Supplement,
2 2005, is amended to read:

3 79-1003 For purposes of the Tax Equity and Educational
4 Opportunities Support Act:

5 (1) Adjusted general fund operating expenditures means
6 general fund operating expenditures as calculated pursuant to
7 subdivision (23) of this section minus the transportation allowance
8 and minus the special receipts allowance;

9 (2) Adjusted valuation means the assessed valuation of
10 taxable property of each local system in the state, adjusted
11 pursuant to the adjustment factors described in section 79-1016.
12 Adjusted valuation means the adjusted valuation for the property
13 tax year ending during the school fiscal year immediately preceding
14 the school fiscal year in which the aid based upon that value is
15 to be paid. For purposes of determining the local effort rate yield
16 pursuant to section 79-1015.01, adjusted valuation does not include
17 the value of any property which a court, by a final judgment from
18 which no appeal is taken, has declared to be nontaxable or exempt
19 from taxation;

20 (3) Allocated income tax funds means the amount of
21 assistance paid to a local system pursuant to section 79-1005.01 or
22 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
23 section 79-1008.02;

24 (4) Average daily attendance of a student who resides on
25 Indian land means average daily attendance of a student who resides

1 on Indian land from the most recent data available on November 1
2 preceding the school fiscal year in which aid is to be paid;

3 (5) Average daily membership means the average daily
4 membership for grades kindergarten through twelve attributable to
5 the local system, as provided in each district's annual statistical
6 summary, and includes the proportionate share of students enrolled
7 in a public school instructional program on less than a full-time
8 basis;

9 (6) Base fiscal year means the first school fiscal year
10 following the school fiscal year in which the reorganization or
11 unification occurred;

12 (7) Board means the school board of each school district;

13 (8) Categorical funds means funds limited to a specific
14 purpose by federal or state law, including, but not limited to,
15 Title I funds, Title VI funds, federal vocational education funds,
16 federal school lunch funds, Indian education funds, Head Start
17 funds, funds from the Education Innovation Fund, and funds from the
18 School Technology Fund;

19 (9) Consolidate means to voluntarily reduce the number of
20 school districts providing education to a grade group and does not
21 include dissolution pursuant to section 79-498;

22 (10) Converted contract means an expired contract that
23 was in effect for at least fifteen years for the education of
24 students in a nonresident district in exchange for tuition from
25 the resident district when the expiration of such contract results

1 in the nonresident district educating students who would have been
2 covered by the contract if the contract were still in effect
3 as option students pursuant to the enrollment option program
4 established in section 79-234;

5 (11) Converted contract option students means students
6 who will be option students pursuant to the enrollment option
7 program established in section 79-234 for the school fiscal year
8 for which aid is being calculated and who would have been covered
9 by a converted contract if the contract were still in effect and
10 such school fiscal year is the first school fiscal year for which
11 such contract is not in effect;

12 (12) Department means the State Department of Education;

13 (13) District means any Class I, II, III, IV, V, or VI
14 school district;

15 (14) Ensuing school fiscal year means the school fiscal
16 year following the current school fiscal year;

17 (15) Equalization aid means the amount of assistance
18 calculated to be paid to a local system pursuant to sections
19 79-1008.01 to 79-1022 and 79-1022.02;

20 (16) Fall membership means the total membership in
21 kindergarten through grade twelve attributable to the local system
22 as reported on the fall school district membership reports for each
23 district pursuant to section 79-528;

24 (17) Fiscal year means the state fiscal year which is the
25 period from July 1 to the following June 30;

1 (18) Formula students means (a) for state aid certified
2 pursuant to section 79-1022, the sum of fall membership from the
3 school fiscal year immediately preceding the school fiscal year in
4 which the aid is to be paid, multiplied by the average ratio of
5 average daily membership to fall membership for the second school
6 fiscal year immediately preceding the school fiscal year in which
7 aid is to be paid and the prior two school fiscal years, plus
8 qualified early childhood education fall membership plus tuitioned
9 students from the school fiscal year immediately preceding the
10 school fiscal year in which the aid is to be paid and (b) for final
11 calculation of state aid pursuant to section 79-1065, the sum of
12 average daily membership plus qualified early childhood education
13 average daily membership plus tuitioned students from the school
14 fiscal year immediately preceding the school fiscal year in which
15 the aid was paid;

16 (19) Free lunch and free milk student means a student
17 who qualified for free lunches or free milk from the most recent
18 data available on November 1 of the school fiscal year immediately
19 preceding the school fiscal year in which aid is to be paid;

20 (20) Full-day kindergarten means kindergarten offered by
21 a district for at least one thousand thirty-two instructional
22 hours;

23 (21) General fund budget of expenditures means the total
24 budget of disbursements and transfers for general fund purposes as
25 certified in the budget statement adopted pursuant to the Nebraska

1 Budget Act, except that for purposes of the limitation imposed in
2 section 79-1023, the calculation of Class I total allowable general
3 fund budget of expenditures minus the special education budget of
4 expenditures pursuant to section 79-1083.03, and the calculation
5 pursuant to subdivision (2) of section 79-1027.01, the general fund
6 budget of expenditures does not include any special grant funds,
7 exclusive of local matching funds, received by a district subject
8 to the approval of the department;

9 (22) General fund expenditures means all expenditures
10 from the general fund;

11 (23) General fund operating expenditures means the total
12 general fund expenditures minus categorical funds, tuition paid,
13 transportation fees paid to other districts, adult education,
14 summer school, community services, redemption of the principal
15 portion of general fund debt service, retirement incentive plans,
16 staff development assistance, and transfers from other funds into
17 the general fund for the second school fiscal year immediately
18 preceding the school fiscal year in which aid is to be paid;

19 (24) High school district means a school district
20 providing instruction in at least grades nine through twelve;

21 (25) Income tax liability means the amount of the
22 reported income tax liability for resident individuals pursuant
23 to the Nebraska Revenue Act of 1967 less all nonrefundable credits
24 earned and refunds made;

25 (26) Income tax receipts means the amount of income tax

1 collected pursuant to the Nebraska Revenue Act of 1967 less all
2 nonrefundable credits earned and refunds made;

3 (27) Limited English proficiency student means a student
4 with limited English proficiency from the most recent data
5 available on November 1 of the school fiscal year preceding
6 the school fiscal year in which aid is to be paid;

7 (28) Local system means: (a) For school fiscal years
8 prior to ~~2006-07~~ 2007-08, a Class VI district and the associated
9 Class I districts or a Class II, III, IV, or V district and any
10 affiliated Class I districts or portions of Class I districts; (b)
11 for school fiscal year ~~2006-07~~ 2007-08, a Class VI district and
12 the Class I districts or portions of Class I district that will
13 be merged with the Class VI district to form a Class II or III
14 district on June 15, ~~2006~~ 2007, pursuant to section 79-4,113 or
15 79-4,114 or a Class II, III, IV, or V district and any Class I
16 districts or portions of Class I districts that will be merged
17 with the Class II, III, IV, or V district on June 15, ~~2006~~ 2007,
18 pursuant to section 79-4,113 or 79-4,114; and (c) for school fiscal
19 year ~~2007-08~~ 2008-09 and each school fiscal year thereafter, a
20 Class II, III, IV, or V district. The membership, expenditures, and
21 resources of Class I districts that are affiliated with multiple
22 high school districts will be attributed to local systems based on
23 the percent of the Class I valuation that is affiliated with each
24 high school district;

25 (29) Low-income child means a child under nineteen years

1 of age living in a household having an annual adjusted gross income
2 of fifteen thousand dollars or less for the second calendar year
3 preceding the beginning of the school fiscal year for which aid is
4 being calculated;

5 (30) Most recently available complete data year means
6 the most recent single school fiscal year for which the annual
7 financial report, fall school district membership report, annual
8 statistical summary, Nebraska income tax liability by school
9 district for the calendar year in which the majority of the school
10 fiscal year falls, and adjusted valuation data are available;

11 (31) Qualified early childhood education average daily
12 membership means the product of the average daily membership for
13 school fiscal year 2006-07 and each school fiscal year thereafter
14 of students who will be eligible to attend kindergarten the
15 following school year and are enrolled in an early childhood
16 education program approved by the department pursuant to section
17 79-1103 for such school district for such school year if: (a)
18 The program is receiving a grant pursuant to such section for the
19 third year; (b) the program has already received grants pursuant to
20 such section for three years; or (c) the program has been approved
21 pursuant to subsection (5) of section 79-1103 for such school year
22 and the two preceding school years, including any such students
23 in portions of any of such programs receiving an expansion grant,
24 multiplied by the ratio of the actual instructional hours of the
25 program divided by one thousand thirty-two;

1 (32) Qualified early childhood education fall membership
2 means the product of membership on the last Friday in September
3 2006 and each year thereafter of students who will be eligible
4 to attend kindergarten the following school year and are enrolled
5 in an early childhood education program approved by the department
6 pursuant to section 79-1103 for such school district for such
7 school year if: (a) The program is receiving a grant pursuant
8 to such section for the third year; (b) the program has already
9 received grants pursuant to such section for three years; or (c)
10 the program has been approved pursuant to subsection (5) of section
11 79-1103 for such school year and the two preceding school years,
12 including any such students in portions of any of such programs
13 receiving an expansion grant, multiplied by the ratio of the
14 planned instructional hours of the program divided by one thousand
15 thirty-two;

16 (33) Regular route transportation means the
17 transportation of students on regularly scheduled daily routes to
18 and from the attendance center;

19 (34) Reorganized district means any district involved
20 in a consolidation and currently educating students following
21 consolidation;

22 (35) School year or school fiscal year means the fiscal
23 year of a school district as defined in section 79-1091;

24 (36) Special education means specially designed
25 kindergarten through grade twelve instruction pursuant to section

1 79-1125, and includes special education transportation;

2 (37) Special grant funds means the budgeted receipts for
3 grants, including, but not limited to, Title I funds, Title VI
4 funds, funds from the Education Innovation Fund, reimbursements
5 for wards of the court, short-term borrowings including, but
6 not limited to, registered warrants and tax anticipation notes,
7 interfund loans, insurance settlements, and reimbursements to
8 county government for previous overpayment. The state board shall
9 approve a listing of grants that qualify as special grant funds;

10 (38) Special receipts allowance means the amount of
11 special education, state ward, and accelerated or differentiated
12 curriculum program receipts included in local system formula
13 resources under subdivisions (7), (8), (16), and (17) of section
14 79-1018.01;

15 (39) State aid means the amount of assistance paid to a
16 district pursuant to the Tax Equity and Educational Opportunities
17 Support Act;

18 (40) State board means the State Board of Education;

19 (41) State support means all funds provided to districts
20 by the State of Nebraska for the general fund support of elementary
21 and secondary education;

22 (42) Temporary aid adjustment factor means one and
23 one-fourth percent of the sum of the local system's transportation
24 allowance, the local system's special receipts allowance, and the
25 product of the local system's adjusted formula students multiplied

1 by the average formula cost per student in the local system's cost
2 grouping;

3 (43) Transportation allowance means the lesser of (a)
4 each local system's general fund expenditures for regular route
5 transportation and in lieu of transportation expenditures pursuant
6 to section 79-611 in the second school fiscal year immediately
7 preceding the school fiscal year in which aid is to be paid,
8 but not including special education transportation expenditures or
9 other expenditures previously excluded from general fund operating
10 expenditures, or (b) the number of miles traveled in the second
11 school fiscal year immediately preceding the school fiscal year in
12 which aid is to be paid by vehicles owned, leased, or contracted
13 by the district or the districts in the local system for the
14 purpose of regular route transportation multiplied by four hundred
15 percent of the mileage rate established by the Department of
16 Administrative Services pursuant to section 81-1176 as of January 1
17 of the most recently available complete data year added to in lieu
18 of transportation expenditures pursuant to section 79-611 from the
19 same data year;

20 (44) Tuition receipts from converted contracts means
21 tuition receipts received by a district from another district
22 in the most recently available complete data year pursuant to a
23 converted contract prior to the expiration of the contract; and

24 (45) Tuitioned students means students in kindergarten
25 through grade twelve of the district whose tuition is paid by the

1 district to some other district or education agency.

2 Sec. 10. Section 79-1016, Revised Statutes Supplement,
3 2005, is amended to read:

4 79-1016 (1) On or before August 25, the county assessor
5 shall certify to the Property Tax Administrator the total taxable
6 value by school district in the county for the current assessment
7 year on forms prescribed by the Property Tax Administrator.
8 The county assessor may amend the filing for changes made to
9 the taxable valuation of the school district in the county if
10 corrections or errors on the original certification are discovered.
11 Amendments shall be certified to the Property Tax Administrator on
12 or before September 30. For 2005, any recertification pursuant to
13 this section as a result of changes to this section made by Laws
14 2005, LB 126, is null and void, and the Property Tax Administrator
15 shall require the county assessor to recertify, within thirty days
16 after the effective date of this act, the total taxable value by
17 school district as such districts existed immediately prior to the
18 issuance of orders by the State Committee for the Reorganization
19 of School Districts on December 1, 2005, pursuant to Laws 2005, LB
20 126.

21 For 2006, pursuant to orders issued by the State
22 Committee for the Reorganization of School Districts on or before
23 December 1, 2005_2006, for a Class I school district which
24 dissolves and attaches its territory to a Class II, III, IV, or
25 VI school district in such a manner that the parcels of property

1 do not become a part of the local system with which they were
2 previously affiliated or to which they were previously attached,
3 the Property Tax Administrator shall require the county assessor
4 to recertify the Class I district's taxable valuation according
5 to the new affiliation on or before December 20, ~~2005~~ 2006,
6 on forms prescribed by the Property Tax Administrator. For any
7 local system's territory which is affected by a recertification
8 of a Class I district's taxable valuation, the Property Tax
9 Administrator shall compute and recertify the adjusted valuation to
10 each local system and the department on or before February 1, ~~2006~~
11 2007.

12 (2) On or before October 10, the Property Tax
13 Administrator shall compute and certify to the State Department
14 of Education the adjusted valuation for the current assessment
15 year for each class of property in each school district and each
16 local system for state aid to be certified for the following
17 school fiscal year. The adjusted valuation of property for each
18 school district and each local system, for purposes of determining
19 state aid pursuant to the Tax Equity and Educational Opportunities
20 Support Act, shall reflect as nearly as possible state aid value
21 as defined in subsection (3) of this section. The Property Tax
22 Administrator shall notify each school district and each local
23 system of its adjusted valuation for the current assessment year by
24 class of property on or before October 10. Establishment of the
25 adjusted valuation shall be based on the taxable value certified by

1 the county assessor for each school district in the county adjusted
2 by the determination of the level of value for each school district
3 from an analysis of the comprehensive assessment ratio study or
4 other studies developed by the Property Tax Administrator, in
5 compliance with professionally accepted mass appraisal techniques,
6 as required by section 77-1327. The Property Tax Administrator
7 shall adopt and promulgate rules and regulations setting forth
8 standards for the determination of level of value for school aid
9 purposes.

10 (3) For purposes of this section, state aid value means:

11 (a) For real property other than agricultural and
12 horticultural land, one hundred percent of actual value;

13 (b) For agricultural and horticultural land, eighty
14 percent of actual value as provided in sections 77-1359 to 77-1363.
15 For agricultural and horticultural land that receives special
16 valuation pursuant to section 77-1344, eighty percent of special
17 valuation as defined in section 77-1343; and

18 (c) For personal property, the net book value as defined
19 in section 77-120.

20 (4) On or before November 10, any local system may file
21 with the Property Tax Administrator written objections to the
22 adjusted valuations prepared by the Property Tax Administrator,
23 stating the reasons why such adjusted valuations are not the
24 valuations required by subsection (3) of this section. The Property
25 Tax Administrator shall fix a time for a hearing. Either party

1 shall be permitted to introduce any evidence in reference thereto.
2 On or before January 1, the Property Tax Administrator shall enter
3 a written order modifying or declining to modify, in whole or
4 in part, the adjusted valuations and shall certify the order to
5 the State Department of Education. Modification by the Property
6 Tax Administrator shall be based upon the evidence introduced at
7 hearing and shall not be limited to the modification requested
8 in the written objections or at hearing. A copy of the written
9 order shall be mailed to the local system within seven days after
10 the date of the order. The written order of the Property Tax
11 Administrator may be appealed within thirty days after the date
12 of the order to the Tax Equalization and Review Commission in
13 accordance with section 77-5013.

14 (5) On or before November 10, any local system or county
15 official may file with the Property Tax Administrator a written
16 request for a nonappealable correction of the adjusted valuation
17 due to clerical error or, for agricultural and horticultural land,
18 assessed value changes by reason of land qualified or disqualified
19 for special use valuation pursuant to sections 77-1343 to 77-1348.
20 For purposes of this subsection, clerical error means transposition
21 of numbers, allocation of value to the wrong school district,
22 mathematical error, and omitted value. On or before the following
23 January 1, the Property Tax Administrator shall approve or deny the
24 request and, if approved, certify the corrected adjusted valuations
25 resulting from such action to the State Department of Education.

1 (6) On or before May 31 of the year following the
2 certification of adjusted valuation pursuant to subsection (2) of
3 this section, any local system or county official may file with the
4 Property Tax Administrator a written request for a nonappealable
5 correction of the adjusted valuation due to changes to the tax
6 list that change the assessed value of taxable property. Upon the
7 filing of the written request, the Property Tax Administrator shall
8 require the county assessor to recertify the taxable valuation by
9 school district in the county on forms prescribed by the Property
10 Tax Administrator. The recertified valuation shall be the valuation
11 that was certified on the tax list, pursuant to section 77-1613,
12 increased or decreased by changes to the tax list that change the
13 assessed value of taxable property in the school district in the
14 county in the prior assessment year. On or before the following
15 July 31, the Property Tax Administrator shall approve or deny the
16 request and, if approved, certify the corrected adjusted valuations
17 resulting from such action to the State Department of Education.

18 (7) No injunction shall be granted restraining the
19 distribution of state aid based upon the adjusted valuations
20 pursuant to this section.

21 (8) A school district whose state aid is to be calculated
22 pursuant to subsection (5) of this section and whose state aid
23 payment is postponed as a result of failure to calculate state
24 aid pursuant to such subsection may apply to the state board for
25 lump-sum payment of such postponed state aid. Such application may

1 be for any amount up to one hundred percent of the postponed state
2 aid. The state board may grant the entire amount applied for or any
3 portion of such amount. The state board shall notify the Director
4 of Administrative Services of the amount of funds to be paid in
5 a lump sum and the reduced amount of the monthly payments. The
6 Director of Administrative Services shall, at the time of the next
7 state aid payment made pursuant to section 79-1022, draw a warrant
8 for the lump-sum amount from appropriated funds and forward such
9 warrant to the district.

10 Sec. 11. Section 79-1022, Revised Statutes Supplement,
11 2005, is amended to read:

12 79-1022 (1) On or before March 1, ~~2006~~ 2007, and on
13 or before February 1 for each year thereafter, the department
14 shall determine the amounts to be distributed to each local system
15 and each district pursuant to the Tax Equity and Educational
16 Opportunities Support Act and shall certify the amounts to
17 the Director of Administrative Services, the Auditor of Public
18 Accounts, and each district. The amount to be distributed to each
19 district from the amount certified for a local system shall be
20 proportional based on the weighted formula students attributed to
21 each district in the local system. On or before March 1, ~~2006~~
22 2007, and on or before February 1 for each year thereafter,
23 the department shall report the necessary funding level to the
24 Governor, the Appropriations Committee of the Legislature, and
25 the Education Committee of the Legislature. Certified state aid

1 amounts, including adjustments pursuant to section 79-1065.02,
2 shall be shown as budgeted non-property-tax receipts and deducted
3 prior to calculating the property tax request in the district's
4 general fund budget statement as provided to the Auditor of Public
5 Accounts pursuant to section 79-1024.

6 (2) Except as provided in subsection (8) of section
7 79-1016 and sections 79-1033 and 79-1065.02 the amounts certified
8 pursuant to subsection (1) of this section shall be distributed in
9 ten as nearly as possible equal payments on the last business day
10 of each month beginning in September of each ensuing school fiscal
11 year and ending in June of the following year, except that when a
12 school district is to receive a monthly payment of less than one
13 thousand dollars, such payment shall be one lump-sum payment on
14 the last business day of December during the ensuing school fiscal
15 year.

16 Sec. 12. Notwithstanding any other provision of law, the
17 certification of state aid pursuant to section 79-1022 to be paid
18 to school districts during school year 2005-06, the certification
19 of applicable allowable growth rates pursuant to section 79-1026
20 for school fiscal year 2005-06, and the certifications of Class
21 I school district allowable general fund budgets of expenditures
22 pursuant to section 79-1083.03 for school fiscal year 2005-06 are
23 null and void. State aid to be paid during such school year and the
24 certifications pursuant to section 79-1022 shall be recertified on
25 or before June 15, 2006, using data sources as they existed on the

1 effective date of this act.

2 Sec. 13. Section 79-1026, Revised Statutes Supplement,
3 2005, is amended to read:

4 79-1026 On or before March 1, ~~2006~~ 2007, and on or before
5 February 1 for each year thereafter, the department shall determine
6 and certify to each Class II, III, IV, V, or VI district an
7 applicable allowable growth rate carried out at least four decimal
8 places for each local system as follows:

9 (1) The department shall establish a target budget level
10 range of general fund operating expenditure levels for each school
11 fiscal year for each local system which shall begin at twenty
12 percent less than the local system's formula need and end at the
13 local system's formula need. The beginning point of the range shall
14 be assigned a number equal to the maximum allowable growth rate
15 established in section 79-1025, and the end point of the range
16 shall be assigned a number equal to the basic allowable growth rate
17 as prescribed in such section such that the lower end of the range
18 shall be assigned the maximum allowable growth rate and the higher
19 end of the range shall be assigned the basic allowable growth rate;
20 and

21 (2) For each school fiscal year, each local system's
22 general fund operating expenditures shall be compared to its target
23 budget level along the range described in subdivision (1) of
24 this section to arrive at an applicable allowable growth rate as
25 follows: If each local system's general fund operating expenditures

1 fall below the lower end of the range, such applicable allowable
 2 growth rate shall be the maximum growth rate identified in section
 3 79-1025. If each local system's general fund operating expenditures
 4 are greater than the higher end of the range, the local system's
 5 allowable growth rate shall be the basic allowable growth rate
 6 identified in such section. If each local system's general fund
 7 operating expenditures fall between the lower end and the higher
 8 end of the range, the department shall use a linear interpolation
 9 calculation between the end points of the range to arrive at the
 10 applicable allowable growth rate for the local system.

11 Sec. 14. Section 79-1027, Revised Statutes Supplement
 12 2005, is amended to read:

13 79-1027 No district shall adopt a budget, which includes
 14 total requirements of depreciation funds, necessary employee
 15 benefit fund cash reserves, and necessary general fund cash
 16 reserves, exceeding the applicable allowable reserve percentages
 17 of total general fund budget of expenditures as specified in the
 18 schedule set forth in this section.

| | | |
|----|--------------------|------------|
| 19 | Average daily | Allowable |
| 20 | membership of | reserve |
| 21 | district | percentage |
| 22 | 0 - 471 | 45 |
| 23 | 471.01 - 3,044 | 35 |
| 24 | 3,044.01 - 10,000 | 25 |
| 25 | 10,000.01 and over | 20 |

1 On or before March 1, ~~2006~~ 2007, and on or before
2 February 1 each year thereafter, the department shall determine and
3 certify each district's applicable allowable reserve percentage.

4 Each district with combined necessary general fund cash
5 reserves, total requirements of depreciation funds, and necessary
6 employee benefit fund cash reserves less than the applicable
7 allowable reserve percentage specified in this section may,
8 notwithstanding the district's applicable allowable growth rate,
9 increase its necessary general fund cash reserves such that the
10 total necessary general fund cash reserves, total requirements
11 of depreciation funds, and necessary employee benefit fund
12 cash reserves do not exceed such applicable allowable reserve
13 percentage.

14 Sec. 15. Section 79-1028, Revised Statutes Supplement
15 2005, is amended to read:

16 79-1028 (1) A Class II, III, IV, V, or VI school district
17 may exceed the local system's applicable allowable growth rate for
18 (a) expenditures in support of a service which is the subject of
19 an agreement or a modification of an existing agreement whether
20 operated by one of the parties to the agreement or an independent
21 joint entity or joint public agency, (b) expenditures to pay for
22 repairs to infrastructure damaged by a natural disaster which is
23 declared a disaster emergency pursuant to the Emergency Management
24 Act, (c) expenditures to pay for judgments, except judgments
25 or orders from the Commission of Industrial Relations, obtained

1 against a school district which require or obligate a school
 2 district to pay such judgment, to the extent such judgment is not
 3 paid by liability insurance coverage of a school district, (d)
 4 expenditures to pay for sums agreed to be paid by a school district
 5 to certificated employees in exchange for a voluntary termination
 6 of employment, or (e) expenditures to pay for lease-purchase
 7 contracts approved on or after July 1, 1997, and before July
 8 1, 1998, to the extent the lease payments were not budgeted
 9 expenditures for fiscal year 1997-98.

10 (2) A Class II, III, IV, V, or VI district may exceed its
 11 applicable allowable growth rate by a specific dollar amount if the
 12 district projects an increase in formula students in the district
 13 over the current school year greater than twenty-five students
 14 or greater than those listed in the schedule provided in this
 15 subsection, whichever is less. Districts shall project increases
 16 in formula students on forms prescribed by the department. The
 17 department shall approve, deny, or modify the projected increases.

| | | |
|----|-------------------|---------------------|
| 18 | Average daily | Projected increase |
| 19 | membership of | of formula students |
| 20 | district | by percentage |
| 21 | 0 - 50 | 10 |
| 22 | 50.01 - 250 | 5 |
| 23 | 250.01 - 1,000 | 3 |
| 24 | 1,000.01 and over | 1 |

25 The department shall compute the district's estimated

1 allowable budget per pupil using the budgeted general fund
2 expenditures found on the budget statement for the current school
3 year divided by the number of formula students in the current
4 school year and multiplied by the district's applicable allowable
5 growth rate. The resulting allowable budget per pupil shall be
6 multiplied by the projected formula students to arrive at the
7 estimated budget needs for the ensuing year. The department
8 shall allow the district to increase its general fund budget
9 of expenditures for the ensuing school year by the amount
10 necessary to fund the estimated budget needs of the district
11 as computed pursuant to this subsection. On or before July
12 1, the department shall make available to districts which have
13 been allowed additional growth pursuant to this subsection the
14 necessary document to recalculate the actual formula students of
15 such district. Such document shall be filed with the department
16 under subsection (1) of section 79-1024.

17 (3) A Class II, III, IV, V, or VI district may exceed
18 its applicable allowable growth rate by a specific dollar amount if
19 construction, expansion, or alteration of district buildings will
20 cause an increase in building operation and maintenance costs of
21 at least five percent. The department shall document the projected
22 increase in building operation and maintenance costs and may allow
23 a Class II, III, IV, V, or VI district to exceed the local
24 system's applicable allowable growth rate by the amount necessary
25 to fund such increased costs. The department shall compute the

1 actual increased costs for the school year and shall notify the
2 district on or before July 1 of the recovery of the additional
3 growth pursuant to this subsection.

4 (4) A Class II, III, IV, V, or VI district may exceed its
5 applicable allowable growth rate by a specific dollar amount if the
6 district demonstrates to the satisfaction of the department that
7 it will exceed its applicable allowable growth rate as a result
8 of costs pursuant to the Retirement Incentive Plan authorized
9 in section 79-855 or the Staff Development Assistance authorized
10 in section 79-856. The department shall compute the amount by
11 which the increased cost of such program or programs exceeds the
12 district's applicable allowable growth rate and shall allow the
13 district to increase its general fund expenditures by such amount
14 for that fiscal year.

15 (5) A Class II, III, IV, or V district may exceed its
16 applicable allowable growth rate by the specific dollar amount of
17 incentive payments or base fiscal year incentive payments to be
18 received in such school fiscal year pursuant to section 79-1011.

19 (6) A Class II, III, IV, V, or VI district may exceed the
20 district's applicable allowable growth rate by a specific dollar
21 amount in any year for which the state aid calculation for the
22 local system includes students in the qualified early childhood
23 education fall membership for the first time or for a year in which
24 an early childhood education program of the district is receiving
25 an expansion grant. The department shall compute the amount by

1 which the district may exceed the district's applicable allowable
2 growth rate by multiplying the cost grouping cost per student for
3 the local system's cost grouping by the local system's adjusted
4 formula students attributed to early childhood education programs
5 if students are included in the local system's qualified early
6 childhood education fall membership for the first time or by the
7 local system's adjusted formula students attributed to such early
8 childhood education programs minus the local system's adjusted
9 formula students attributed to such early childhood education
10 programs for the prior school fiscal year if a program is receiving
11 an expansion grant in the school fiscal year for which the fall
12 membership is measured. The department shall allow the district
13 to increase its general fund expenditures by such amount for such
14 school fiscal year.

15 (7) For school fiscal year 2005-06, a Class II, III, IV,
16 V, or VI district may exceed its applicable allowable growth rate
17 by a specific dollar amount not to exceed seventy-four hundredths
18 percent of the amount budgeted for employee salaries for such
19 school fiscal year. For school fiscal year 2006-07, a Class II,
20 III, IV, V, or VI district may exceed its applicable allowable
21 growth rate by a specific dollar amount not to exceed fifty-nine
22 hundredths percent of the amount budgeted for employee salaries for
23 such school fiscal year.

24 (8) For school fiscal year ~~2006-07~~ 2007-08, a Class
25 II or III school district that has been exempt from the

1 transportation requirements of subdivision (1)(c) of section
2 79-611 due to the school district's status as a Class VI
3 school district in a prior school fiscal year may exceed its
4 applicable allowable growth rate by an amount equal to anticipated
5 transportation expenditures necessary to meet new transportation
6 requirements. The department shall approve, deny, or modify the
7 anticipated transportation expenditures. The department shall
8 compute the actual transportation expenditures necessary to meet
9 new transportation requirements for school fiscal year ~~2006-07~~
10 2007-08 and shall, if needed, modify the local system's applicable
11 allowable growth rate for the ensuing school fiscal year. Any
12 changes to a school district's applicable allowable growth rate
13 under this section as a result of orders issued by the State
14 Committee for the Reorganization of School Districts pursuant to
15 Laws 2005, LB 126, shall be reversed by the department within
16 thirty days after the effective date of this act.

17 Sec. 16. Section 79-1031.01, Revised Statutes Supplement,
18 2005, is amended to read:

19 79-1031.01 The Appropriations Committee of the
20 Legislature shall annually include the amount necessary to fund
21 the state aid certified to school districts on or before March 1,
22 ~~2006~~ 2007, and on or before February 1 for each ensuing school year
23 thereafter in its recommendations to the Legislature to carry out
24 the requirements of the Tax Equity and Educational Opportunities
25 Support Act.

1 Sec. 17. Section 79-1072.03, Revised Statutes Supplement,
2 2005, is amended to read:

3 79-1072.03 Each Class II or Class III school district
4 with a fall membership for school year ~~2006-07~~ 2007-08 of six
5 hundred or more students, formed on June 15, ~~2006~~ 2007, from a
6 Class VI system, shall receive rural education transition funds
7 pursuant to this section for school fiscal years ~~2006-07~~, 2007-08,
8 ~~and 2008-09~~, and 2009-10. The amount to be distributed to each
9 such district shall be calculated by first calculating the target
10 amount for each such district. The target amount shall equal eighty
11 percent of the sum of:

12 (1) Twenty thousand dollars multiplied by the sum of the
13 number, up to nine, of Class I school districts which had one
14 hundred percent of their territory within the Class VI system from
15 which the Class II or Class III school district was formed and
16 which had an average daily membership of less than six hundred
17 students for school year ~~2005-06~~ 2006-07 plus one if the Class
18 VI school district from which the Class II or Class III school
19 district was formed had an average daily membership of less than
20 six hundred students for school year ~~2005-06~~ 2006-07; plus

21 (2) One hundred dollars multiplied by the sum of the
22 difference of average daily membership minus fifty students for
23 school year ~~2005-06~~ 2006-07 for each Class I school district which
24 had one hundred percent of their territory within the Class VI
25 system from which the Class II or Class III school district was

1 formed and which had an average daily membership of less than six
2 hundred students for school year ~~2005-06~~ 2006-07 and for the Class
3 VI school district from which the Class II or Class III school
4 district was formed if the Class VI school district had an average
5 daily membership of less than six hundred students for school year
6 ~~2005-06~~ 2006-07. The difference of the average daily membership
7 minus fifty students shall be zero if there were less than fifty
8 students in the average daily membership for the district.

9 The amount to be distributed to each such district shall
10 equal the target amount for the district unless the total of all
11 target amounts exceeds the amount appropriated by the Legislature.
12 If the total of all target amounts exceeds such appropriated
13 amount, the target amounts shall be reduced proportionately such
14 that the total of all target amounts equals such appropriated
15 amount. The amount to be distributed shall be distributed to the
16 school district as one lump-sum payment on the last business day of
17 December and shall be treated as special grant funds as defined in
18 section 79-1003.

19 Sec. 18. Section 79-1072.04, Revised Statutes Supplement,
20 2005, is amended to read:

21 79-1072.04 Class II and III school districts shall
22 qualify for elementary improvement grants for the ~~2007-08~~, 2008-09,
23 ~~and 2009-10~~, and 2010-11 school fiscal years if:

24 (1) The voters of the Class II or Class III school
25 district approve a bond issue for at least two million dollars on

1 or after June 15, ~~2006~~2007, and on or before June 14, ~~2007~~2008,
2 for a project to remodel an existing elementary attendance center
3 or to build a new elementary attendance center;

4 (2) Demographic factors increase the number of weighted
5 formula students for the school district's local system by at
6 least four and one-half percent to arrive at the adjusted formula
7 students for the final calculation of state aid pursuant to section
8 79-1065 for the ~~2005-06~~2006-07 school year;

9 (3) The final calculation of state aid pursuant to
10 section 79-1065 for the ~~2005-06~~2006-07 school year included
11 at least three hundred ninety formula students for the school
12 district's local system;

13 (4) The school district consists of at least one hundred
14 fifty square miles; and

15 (5) The State Board of Education approves the project as
16 being designed to improve the educational environment for students
17 with diverse economic and cultural backgrounds.

18 The amount to be distributed each school fiscal year
19 shall be divided equally among qualifying school districts up to
20 one hundred thousand dollars for each school district. The amount
21 to be distributed shall be distributed to the school district as
22 one lump-sum payment on the last business day of December and shall
23 be treated as special grant funds as defined in section 79-1003.

24 Sec. 19. Section 79-1083.02, Revised Statutes Supplement,
25 2005, is amended to read:

1 79-1083.02 For school fiscal years prior to school fiscal
2 year ~~2006-07~~ 2007-08: On or before February 1 of each year, the
3 State Department of Education shall designate a primary high school
4 district for each Class I school district for the following school
5 fiscal year. The primary high school district shall be the one
6 Class II, III, IV, V, or VI school district or the unified system
7 with which the greatest share of the Class I district's assessed
8 valuation is affiliated or of which such share is a part for the
9 school fiscal year immediately preceding the school fiscal year for
10 which the primary high school district determination is made. The
11 department shall certify to all school districts and all county
12 clerks the primary high school district for each Class I district.

13 Sec. 20. Section 79-1083.03, Revised Statutes Supplement,
14 2005, is amended to read:

15 79-1083.03 For school fiscal years prior to school fiscal
16 year ~~2006-07~~ 2007-08:

17 (1)(a) If the primary high school district designated
18 pursuant to section 79-1083.02 is a Class VI district, the Class I
19 district's total allowable general fund budget of expenditures
20 minus the special education budget of expenditures shall be
21 determined by the school board of such Class VI district and
22 shall be certified to the Class I district on or before March 1 for
23 the following school fiscal year; and

24 (b) The Class VI primary high school district shall
25 certify the total allowable general fund budget of expenditures

1 minus the special education budget of expenditures for the Class I
2 district to the State Department of Education on or before April
3 20;

4 (2) If the primary high school district is not a Class
5 VI district, the Class I district's total allowable general fund
6 budget of expenditures minus the special education budget of
7 expenditures shall be determined by the department as follows and
8 certified on or before February 1 for the following school fiscal
9 year:

10 (a) The total allowable general fund budget of
11 expenditures minus the special education budget of expenditures
12 for the Class I district in the school fiscal year immediately
13 preceding the school fiscal year for which the budget is prepared
14 shall be divided by the formula students in the Class I district
15 as defined in section 79-1003, and the result shall be increased
16 by the applicable allowable growth rate for the primary high
17 school district's local system for the ensuing school fiscal year
18 calculated pursuant to section 79-1026 as determined on or before
19 February 1 of the school fiscal year immediately preceding the
20 school fiscal year for which the budget is prepared;

21 (b) The total allowable general fund budget of
22 expenditures minus the special education budget of expenditures
23 for the primary high school district in the school fiscal year
24 immediately preceding the school fiscal year for which the budget
25 is prepared shall be divided by the formula students as defined

1 in section 79-1003 in the primary high school district weighted
2 by the grade weighting factors contained in subdivision (1)(a)
3 of section 79-1007.01, and the result shall be multiplied by the
4 kindergarten through grade eight formula students as defined in
5 section 79-1003 weighted by the grade weighting factors contained
6 in subdivision (1)(a) of section 79-1007.01 to calculate the total
7 allowable general fund budget of expenditures minus the special
8 education budget of expenditures for kindergarten through grade
9 eight in the primary high school district. The total allowable
10 general fund budget of expenditures minus the special education
11 budget of expenditures for kindergarten through grade eight shall
12 be divided by the kindergarten through grade eight formula students
13 without weighting. The result shall be increased by the applicable
14 allowable growth rate for the primary high school district's local
15 system for the ensuing school fiscal year calculated pursuant to
16 section 79-1026 as determined on or before February 1 of the school
17 fiscal year immediately preceding the school fiscal year for which
18 the budget is prepared;

19 (c) The amounts calculated in subdivisions (2)(a) and
20 (2)(b) of this section shall be summed and the result divided
21 by two to arrive at the total allowable general fund budget of
22 expenditures minus the special education budget of expenditures per
23 formula student for the Class I district; and

24 (d) The total allowable general fund budget of
25 expenditures minus the special education budget of expenditures per

1 formula student for the Class I district shall be multiplied by
2 the formula students as defined in section 79-1003 for the Class I
3 district as used by the department for certification of the ensuing
4 school fiscal year's state aid, and the result shall be the total
5 allowable general fund budget of expenditures minus the special
6 education budget of expenditures for the Class I district for the
7 ensuing school fiscal year except as provided in subdivision (3)
8 of this section;

9 (3)(a) The school board of the Class I district may, on
10 or before March 10, submit a request to exceed the total allowable
11 general fund budget of expenditures minus the special education
12 budget of expenditures to all the school boards of the high school
13 district or districts with which the Class I district is affiliated
14 or of which it is a part. For Class I districts to exceed the total
15 allowable general fund budget of expenditures minus the special
16 education budget of expenditures, the total general fund budget of
17 expenditures request shall be approved by high school districts,
18 including the primary high school district, such that the portions
19 of the Class I district that are affiliated with or part of the
20 approving high school districts comprise at least two-thirds of
21 the assessed valuation of the Class I district. Such request shall
22 specify the total general fund budget of expenditures, broken down
23 by expenditures for special education, for regular education, and
24 for special grant funds as defined in section 79-1003, for which
25 the Class I district seeks authority; and

1 (b) The high school district shall approve or deny the
2 request on or before April 10 following the receipt of such request
3 and shall forward written notification to the Class I district of
4 approval or denial. A request for additional budget authority shall
5 be considered approved if (i) no action is taken by the high school
6 district or (ii) the high school district fails to send written
7 notification to the Class I district of the denial of a request for
8 additional budget authority;

9 (4) The school board of a Class I district may, after
10 October 15 of each year, amend the general fund budget of
11 expenditures (a) by increasing the special education budget of
12 expenditures, (b) for any special grant funds as defined in section
13 79-1003 received any time during a school fiscal year, or (c) for
14 current fiscal year expenditures the board deems essential if the
15 expenditures could not reasonably have been anticipated at the time
16 the budget for the current year was adopted. A copy of the revised
17 budget shall be filed pursuant to subsection (4) of section 13-511
18 and section 79-1024;

19 (5) All Class I districts shall certify the items
20 required by subsection (1) of section 13-508 to all of their
21 high school districts on or before August 1; and

22 (6) All primary high school districts shall certify to
23 the department and all other affected districts, on or before April
24 20, the approved total general fund budget of expenditures for a
25 Class I district when the Class I district has requested to exceed

1 its certified budget authority and the request has been approved.

2 Sec. 21. The changes made to sections 32-524, 79-401,
3 79-403, 79-405, 79-407, 79-408, 79-409, 79-410, 79-413, 79-415,
4 79-416, 79-418, 79-419, 79-422, 79-433, 79-434, 79-435, 79-443,
5 79-447, 79-449, 79-452, 79-454, 79-455, 79-470, 79-473, 79-479,
6 79-499, 79-4,101, 79-4,108, 79-4,111, 79-556, 79-850, and 79-857 by
7 Laws 2005, LB 126, become operative on September 4, 2006.

8 Sec. 22. Laws 2005, LB 126, section 54, is amended to
9 read:

10 Sec. 54. Sections 8, 42, ~~50~~, and 55 of this act become
11 operative on June 15, ~~2006~~ 2007. The other sections of this act
12 become operative on their effective date.

13 Sec. 23. Laws 2005, LB 126, section 55, is amended to
14 read as follows:

15 Sec. 55. Original sections 79-102 and 79-611, Reissue
16 Revised Statutes of Nebraska, and section ~~79-1028~~, Revised Statutes
17 ~~Supplement, 2004~~, are repealed.

18 Sec. 24. Laws 2005, LB 126, section 56, is amended to
19 read as follows:

20 Sec. 56. Original sections 32-542, 79-401, 79-402,
21 79-403, 79-405, 79-407, 79-408, 79-409, 79-410, 79-413, 79-415,
22 79-416, 79-418, 79-419, 79-422, 79-423, 79-433, 79-434, 79-435,
23 79-443, 79-447, 79-449, 79-452, 79-454, 79-455, 79-470, 79-473,
24 79-479, 79-499, 79-4,101, 79-4,108, 79-4,111, 79-556, 79-850,
25 79-857, 79-1003, 79-1026, 79-1027, 79-1031.01, 79-1083.02, and

1 79-1083.03, Reissue Revised Statutes of Nebraska, and sections
2 79-1016, ~~and~~ 79-1022, and 79-1028, Revised Statutes Supplement,
3 2004, are repealed.

4 Sec. 25. Original section 79-1001, Revised Statutes
5 Cumulative Supplement, 2004, sections 79-402, 79-423, 79-4,112,
6 79-4,113, 79-4,114, 79-4,115, 79-4,116, 79-1003, 79-1016, 79-1022,
7 79-1026, 79-1027, 79-1028, 79-1031.01, 79-1072.03, 79-1072.04,
8 79-1083.02, and 79-1083.03, Revised Statutes Supplement, 2005,
9 and Laws 2005, LB 126, sections 54, 55, and 56, are repealed.

10 Sec. 26. Since an emergency exists, this act takes effect
11 when passed and approved according to law.